

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6852

BILL NUMBER: HB 1392

NOTE PREPARED: Jan 19, 2006

BILL AMENDED: Jan 19, 2006

SUBJECT: Life and Health Guaranty Association.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill amends the Life and Health Insurance Guaranty Association Law. It specifies certain information concerning (1) association coverage for Indiana residents and nonresidents insured by domestic and nondomestic insurers; (2) association accounts; (3) assessment procedures; (4) subrogation; (5) powers and duties of the association, the board of directors of the association, and the Commissioner of the Department of Insurance (DOI) with respect to the association; (6) plan of operation of the association; (7) prevention of insolvencies; (8) immunity; and (9) notice to policy owners and contract owners. The bill repeals and replaces provisions concerning association coverage. It makes a conforming amendment.

Effective Date: Upon passage.

Explanation of State Expenditures: IC 27-8-8-3 established the nonprofit Indiana Life and Health Insurance Guaranty Association. To transact insurance in Indiana an insurer must be a member of the association. If a member insurer is found to be insolvent and is ordered to be liquidated by a court, the Association Act enables the association to provide protection (up to certain limits) to residents who are holders of life and health insurance policies and annuities issued by the insolvent member insurer.

The association is under the supervision of the DOI Commissioner. However, from the assessments each insurer pays, the association pays administrative costs and general expenses incurred by the Commissioner in supervising the association. To this extent the bill would not have an impact to the state.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill specifies that the Political Subdivision Risk Management Fund is not a member of the association. The impact that this provision will have on subdivisions is indeterminable.

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected: Political subdivisions.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.